

Message Text

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12
ACTION NEA-10

INFO OCT-01 ISO-00 DODE-00 CIAE-00 INR-07 NSAE-00 MC-02

COME-00 EB-07 PM-04 NSC-05 SP-02 SS-15 ACDA-07 L-03

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O 281000Z AUG 76
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 4850 IMMEDIATE

C O N F I D E N T I A L ABU DHABI 2337

E.O. 11652: GDS
TAGS: MASS, TC
SUBJECT: VISIT OF COLT REPS

REF: (A) STATE 212009, (B) ABU DHABI 2322

1. COLT REPS ROY AND CURTIS ACCOMPANIED BY CHARGE MET WITH GEN. KHALDI AUGUST 28 AS SCHEDULED. MEETING WENT WELL AND COLT REPS IN PROCESS OF PREPARING FORMAL LETTER OF OFFER TO BE DELIVERED TO KHALDI AUGUST 29. GENERAL HOPING TO HAVE DECISION WITHIN WEEK. WITH COLT REPS OFFERING PRICE OF \$225 FOR SAME PACKAGE WHICH QUOTED AT \$235 UNDER FMS AND PROMISING DELIVERY OF FIRST 5000 RIFLES IN TIME FOR NATIONAL DAY (CHARGE HAD SUGGESTED THAT IF THIS POSSIBLE IT MIGHT BE GOOD SELLING POINT AND IT WAS), CHANCES FOR SALE LOOK GOOD.

2. THERE ARE SEVERAL OUTSTANDING POINTS HOWEVER TO WHICH WE WOULD APPRECIATE WASHINGTON REACTION SOONEST:
(A) DELIVERY DATE--THIS HAS NOW BECOME KEY ITEM JUST AS IN CASE OF WEBBING. COLT REPS STATE THEY HAVE RIFLES NOW--THAT ONLY REASON WHY DELIVERY COULD NOT BE ON TIME WOULD BE QUESTION OF PAPERWORK. THIS IN FIRST INSTANCE INVOLVES UAEG DECISION, SIGNING OF CONTRACT AND OPENING LETTER OF CREDIT. BUT THIS THEN FOLLOWED BY USG INVOLVEMENT IN TERMS EXPORT LICENSE AND OTHER MATTERS (SEE CONFIDENTIAL

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BELOW). WHAT WOULD BE NECESSARY CONDITIONS TO BE MET IN

ORDER FOR USG TO INSURE INSSUANCE OF LICENSE IN TIME FOR MID-TO-LATE NOVEMBER DELIVERY? CLEARLY IF WE ANTICIPATE PROBLEM IT BETTER TO SAY SO NOW RATHER THAN LATER.

(B) MEMORANDUM OF UNDERSTANDING (MOU)--COLT REP ROY MENTIONED MOU TO GEN. KHALDI AS GOVERNMENT-TO-GOVERNMENT AGREEMENT WHICH WOULD COVER SUCH ITEMS AS GUARANTEE OF QUALITY OF RIFLES AND CONTINUING AVAILABILITY OF SPARE PARTS. ROY INDICATED SUCH MOU'S ROUTINELY ENTERED INTO WITH "FRIENDLY" COUNTRIES AND GEN. KHALDI OBVIOUSLY FAMILIAR WITH SUCH ARRANGEMENTS. IS USG PREPARED TO SIGN SUCH MOU WITH UAEG? WAS THIS WHAT WAS MEANT BY "FMS CONTRACT" TO INSPECT WEAPONS MENTIONED IN STATE 198571? WHETHER IF BE CONTRACT OR MOU, IS IT REASONABLE TO EXPECT SUCH DOCUMENT CAN BE COMPLETED IN TIME FOR NOVEMBER DELIVERY? NOTE: IT IS PROPOSED TO MAKE SUCCEEDING DELIVERIES ALSO IN LOTS OF 5000 RIFLES. THUS "FMS INSPECTION" MOST CONVENIENTLY DONE IN HARTFORD. COLD REPS STATE THAT THIS CAN ARRANGE SUCH INSPECTION BY RESIDENT USG INSPECTORS FOR FIRST LOT EVEN IF GOVERNMENT-TO-GOVERNMENT DEAL NOT CONCLUDED, BUT WE EXPECT THAT UAEG WOULD LIKE TO SEE USG SEAL ON THIS AFFAIR FROM BEGINNING.

(C) M 203 GRENADE LAUNCHER--GEN. KHALDI STATES THAT UAE DF WISH PURCHASE GRENADE LAUNCHER AS WELL. INITIAL ORDER WOULD BE FOR FROM 300-500 LAUNCHERS WITH MORE POSSIBLY TO FOLLOW. AMMUNITION, WHICH WE UNDERSTAND ONLY AVAILABLE FROM USG, WOULD BE COURSE ALSO BE DESIRED. GENERAL AND GOLT REPS AGREED IT BE BETTER TO MAKE THIS SEPARATE CONTRACT TO GIVE WASHINGTON TIME TO CONSIDER THIS NEW REQUEST. EMBASSY WOULD APPRECIATE EARLY REACTION, HOWEVER, AS TO WHETHER SUCH SALE LIKELY TO POSE ANY PROBLEM--GEN. KHALDI APPARENTLY THINKS THAT IT MIGHT, BUT COLT REPS STATE NUMBER OF LAUNCHERS BEING REQUESTED IS VERY LOW. WE THEREFORE HOPE ANSWER WILL BE AFFIRMATIVE.

3. EMBASSY WOULD APPRECIATE ADVICE ON ALL THREE ABOVE POINTS SOONEST. RE DELIVERY DATE PROBLEM, COLT REPS STATE THAT THEY DO NOT ANTICIPATE ANY ONE CONTRACT BEING MORE THAN \$7 MILLION THUS MEANING THERE SHOULD BE NO CONFIDENTIAL

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REQUIREMENT OF PRIOR NOTIFICATION OF CONGRESS REGARDLESS OF HOW NEW LEGISLATION MIGHT BE INTERPRETED.
PEALE

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